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The commercialisation of GP services: a survey of APMS contracts and new GP ownership

Authors:

Elke Heins lecturer, Allyson M Pollock professor, David Price senior research fellow, Centre for International Public Health Policy, University of Edinburgh, Edinburgh EH8 9AG.

(AP initiated the study, EH, AP and DP designed the survey questionnaire, EH collected and analysed the data with help from AP; EH, AP and DP drafted and revised the manuscript)

Abstract

Background: APMS legislation enables private commercial firms to provide NHS primary care. There is no central monitoring of APMS adoption by PCTs, of the new providers, or of market competition.

Aim: To examine the data for APMS contracts on bidders and providers, patient numbers, contract value, duration and services; to present a typology of primary care providers; to establish the extent of competition; and to identify which commercial providers have entered the English primary care market.

Design of study: Cross-sectional study.

Setting: All PCTs in England

Methods: A survey was carried out in March 2008.

Results: 141 out of 152 PCTs provided information on 71 APMS contracts awarded and 66 contracts out to tender. 36 contracts went to 14 different commercial companies; 28 contracts to independent GP contractors; seven to social enterprises, and two to a PCT managed service. One contract is shared by three different provider types. In more than half of the responses information on competition was not disclosed. In a fifth of those contracts awarded to the commercial sector where we have information on other bidders, there was no competition. Contracts cover from 1 patient to several hundred thousand and annual contract values range from £6000 to £12 million with contract duration of one year to open-ended. Most contracts offered standard essential, additional and enhanced services and only a few were for specialist services.

Conclusions: The lack of data on cost, patient services and staff makes it impossible to evaluate value for money or quality. The absence of competition is a further concern. There needs to be a proper evaluation of the APMS policy from

the perspective of value for money, quality of care, as well as patient access and coverage.

Keywords: primary health care; commercial sector; competition

How this fits in

A number of surveys on the use of APMS in England suggest that GP-led providers are usually successful in winning contracts but private commercial companies have begun to establish a presence. We show that APMS contracts are increasingly being awarded to large for-profit multinationals and in the absence of competition. This is the first published study to systematically identify the providers of APMS tenders, competing bidders, the services provided, patient numbers and length and value of contracts.

Introduction

Since 2004 commercial for-profit providers have been able to tender for NHS funded GP services under the Alternative Provider of Medical Services (APMS) contract across the UK. Neither Scotland nor Wales have implemented APMS contracting but the contract form has been used increasingly in England. However, the Department of Health in England does not collect data centrally. Research on APMS is ad hoc and evidence on take up by the private sector is contradictory.^{1 2 3 4}

The policy of using alternative providers rests on the assumption that competition for contracts between different providers will improve performance.⁵ According to economic theory, competition is the crucial determinant of performance.^{6 7} There are, however, widespread concerns about the quality of patient care, costs, accountability, high staff turnover and fragmentation of services when commercial providers are introduced.^{8 9 10 11}

In the absence of routine data about the use of APMS contracts and the extent to which competition takes place, we conducted a survey of PCTs under the Freedom of Information (FOI) Act. Our objectives were: to examine the availability of data on bidders and providers, patient numbers, services, contract value and duration for APMS contracts; to provide a typology of the new entrants into the emerging primary care market; to establish the extent to which there is competition for

APMS contracts; and to identify which commercial providers have entered the English primary care market.

Methods

Between 4 and 13 March 2008 we wrote to each of the 152 PCTs in England, using the FOI Act, to ask for the number of APMS contracts awarded or currently out to tender and for those with APMS contracts, the successful tender (including company status), other bidders, contract terms including value and kind of services, number of patients, and duration of contract. We sent reminders in the following weeks and waited for outstanding responses until July 2008.

From the survey data we constructed a typology of providers. We also identified a subset of commercial providers and searched company websites of all commercial firms tendering for APMS contracts to gain additional information on how many contracts for GP practices have been issued to for-profit enterprises.

Results

Response rate

As of 21 July 2008 we received responses from 141 PCTs (overall response rate of 93%). However, the responding PCTs did not always disclose information for all of our questions as we will discuss in detail below.

1. Availability of information on APMS contracts

Number of PCTs awarding APMS contracts

Table 1 shows that as of July 2008, of the 141 PCTs responding, 49 PCTs had awarded one or more APMS contracts giving a total of 71 APMS contracts awarded and 66 contracts out to tender. Of the 49 PCTs only 41 PCTs provided data on contract value: in the South West and North East only a third of PCTs awarding APMS contracts supplied data on contract value while more than two-thirds of PCTs provided data in the West Midlands.

-- Table 1 here --

Patient numbers, contract value, contract duration and services

For 14 of the 71 contracts the patient numbers were not disclosed or are not available (e.g. if the contract was for a Walk-in Centre). Of those contracts where

we do have information, patient numbers vary between 1 (for a patient support programme) to several hundred thousands (for PCT-wide provided out-of-hours services). Half of all practices under APMS have contracts for between 1000 and 5000 patients. The average practice size for those APMS contracts where we have information on patient numbers (excluding out-of-hours services and the special case of the support programme for one patient) is 3206 patients. On the basis of the available information, we calculated that 1.14% of the patient population are covered by APMS (we excluded out-of-hours and walk-in services for this calculation).

For 30 of the 71 contracts the contract value was not disclosed. Of the 41, exact data are given for 33 contracts, the remaining eight only stated a range. Annual contract values range from £6000 (the above mentioned patient support programme) to almost £12 million (out-of-hour services). Some PCTs released only the annual contract value while others gave the value over the whole period of the contract. For 13 of the 71 contracts no information was disclosed on contract duration. The duration varies considerably from under one year to open-ended contracts. A third of contracts are for 5-6 years. Some have break clauses or the option to extend. Due to the massive lack of data we are unable to derive at an estimate of the value of all APMS contracts.

The services contracted for under APMS usually do not differ much from GMS or PMS contracts and included essential, additional and enhanced services. Nine contracts were for out-of-hour services, three included walk-in services, and seven contracts were for specialist services, e.g. for substance and alcohol misuse, services for asylum seekers, refugees and homeless persons or for prison health. Four contracts do not disclose which services are offered.

-- Table 2 here --

2. Typology of providers

We identified four categories of providers (see Table 3). Half of all APMS contract tenders were awarded to nation-wide or multi-national commercial companies (36 out of 71); 28 contracts to independent contractors, either set up by a single GP or in partnership; seven contracts went to so-called Social Enterprises or Community Interest Companies (CICs), that is non-profit organizations, and two to a nurse-led PCT managed service. One contract is a hybrid case, shared by

three different providers of which one is GP-led and the other two are commercial (Table 4).

-- Table 3 here --

3. Competition and bidders

PCTs provided information on bidders for 30 of 71 contracts. Of those 30, 12 involved no competition either because the tender was waived or there was only one provider tendering for the contract (Table 3).

10 of the 30 contracts where we have information on other bidders were awarded to single handed GPs or partnerships. In five of the 10 contracts there was no other bidder; in three cases it was in competition with other local GPs, non-profits, PCT services or NHS trusts; in only two practices did an independent GP beat commercial contractors to secure an APMS contract.

We only have information on other bidders for five contracts won by non-profit organisations or PCT-managed services. In four of these instances, there was no competition with other providers because the tender was waived or restricted to the particular type of organisation. We are only aware of one case in which a non-profit organisation beat three commercial providers to win the contract.

Of the 36 practices which were awarded to a commercial company there were data on bidders for just 14 contracts. In three of these 14 instances there was no other bidder, in two further cases there was competition among commercial companies only; the remaining nine contracts included other commercials, GP-led providers, non-profits, PCT provider services and NHS trusts as bidders.

4. Commercial providers

Table 4 lists the corporate providers of primary care in England identified from our survey and additional information on other contracts gathered from their company websites.

-- Table 4 here --

From this we identified a further 50 primary care contracts in England but we do not know the type of the contract, i.e. whether APMS.

Discussion

Summary of the main findings

This study confirms that APMS contracts are being used widely by PCTs and often awarded to commercial for-profit providers of health care. While only 1.14% of patients were under APMS in those PCTs where patient numbers were disclosed, a large number of PCTs had at least one APMS contract and many were out to tender at the time of our survey.

Although the commercialisation of primary care and the use of alternative providers is a centrally driven policy, the Department of Health collects no central information on competition, ownership, cost and services and coverage of APMS contracts. It is difficult to summarise the findings on APMS contracts in a succinct way as APMS contracts vary enormously by definition; often they are catering for very specific situations, e.g. prison health, care for homeless people or support programmes for single patients. However, in the majority of cases the services offered are not varying much from standard GMS or PMS contracts.

Despite the introduction of markets being premised on theories of increasing efficiency through competition and good information, almost half of all contracts are being awarded in the absence of competition including contracts to the corporate sector.

Comparison with existing literature

Previous surveys of APMS usage have underestimated both its prevalence and the involvement of commercial companies.^{1 2 4} This paper categorises the emerging new class of 'entrepreneurial' GPs as commercial companies with a clear profit focus trying to expand their business across regions. In previous studies such companies have been classified as GP-led.^{4 12}

Strengths and limitations of this study

While the response rate of 93% compares favourably with 80% for an FOI survey of the King's Fund on APMS¹, this study is limited by the complete lack of information from 11 PCTs and the non-disclosure of parts of the information by other PCTs. Given the urgency to make our findings timely available we decided to stop chasing the outstanding responses after four months into our research. Despite the legal obligation of public authorities to respond within 20 working

days, most of the PCTs responded outside of this time, often only after sending out reminders.

It is difficult to obtain a precise picture of the cost of APMS contracts as so many PCTs did not disclose all information. 20% of the responding PCTs did not disclose information on patient numbers; 18% did not disclose the contract length; 42% did not disclose the contract value of APMS contracts mainly invoking commercial confidentiality (only in two cases this could not be told yet as the contract details still had to be finalised).

The emergence of hybrid organisations of primary care makes it difficult to classify providers according to company types especially as GPs are becoming corporate owners.^{4 12} Our survey revealed that there are at least 14 commercial providers in the English primary care market. We know of eight other commercial companies which have tendered for APMS contracts but have not been successful so far. It is also tricky to be sure about the 'independent' contractor status of some GP partnerships as they might constitute a newly emerging commercial company. It is possible that commercials put the name of a GP who is eligible for GMS contracts as the lead on the contract in order to gain access to NHS pensions for all staff.

The absence of data on unsuccessful bidders for APMS contracts (in 58% of the responses this information was not disclosed) means that competition cannot be assessed nor the extent to which local GP partnerships are being displaced by large commercial companies. Of those contracts where we do have information almost half were awarded in the absence of competition. In particular GPs or social enterprises are more likely to win a contract in the absence of any competition or when they are competing amongst each other. This raises serious concerns about the existence of a 'level playing field'.

Implications for future research

The lack of data on cost, patient services and staff means that it is not possible to evaluate either value for money or how quality is being ensured. This loss of transparency and accountability for public funds and services must be of critical concern. There needs to be a proper evaluation of the APMS policy from the perspective of value for money, quality of care, as well as patient access and coverage. We furthermore revealed a need for an evaluation of the FOI Act as a means of accessing information on key features of the NHS by the public.

No competing interests to declare.

Ethics approval was not required.

Supplement: original survey questionnaire

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